

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
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FISCAL IMPACT STATEMENT

LS 6323

BILL NUMBER: HB 1056

DATE PREPARED: Nov 15, 1998

BILL AMENDED:

SUBJECT: Property tax exemption for certain nonprofit organizations.

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FUNDS AFFECTED: **GENERAL**
 X DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill provides a property tax exemption for real property that is owned by a nonprofit organization and is under or adjacent to a lake or reservoir created by a dam or control structure owned and operated by a public utility.

The bill requires the organization to be engaged in efforts to protect the environment and the water quality of the lake or reservoir to qualify for the property tax exemption. It provides a property tax exemption for real property that is owned by a nonprofit organization and is used in the organization's efforts to protect the environment and the water quality of the lake or reservoir.

Effective Date: January 1, 1999 (retroactive); January 1, 2000.

Explanation of State Expenditures:

Explanation of State Revenues: The State levies a one cent tax rate for State fair and State forestry. Any reduction in the assessed value (AV) base will reduce the property tax revenue for these two funds. The total AV for the project listed below was about \$867,000. The state's loss would amount to about \$87.

Explanation of Local Expenditures:

Explanation of Local Revenues: Beginning with property taxes due in CY 2000, this proposal would exempt real property from property taxes if the property is 1) under or adjacent to a lake or reservoir formed for the generation of power and 2) owned by a nonprofit public benefit corporation primarily engaged in active efforts to protect and enhance the environment and water quality. Property that is owned by the public benefit corporation and used in the corporation's water and environmental enhancement efforts would also be exempt from property tax, regardless of the property's proximity to the lake or reservoir.

Additional exemptions reduce the assessed value tax base. This causes a shift of the property tax burden from the taxpayers receiving the exemptions to all taxpayers in the form of an increased tax rate. Certain property around the Lake Shafer and Lake Freeman conservation project have been identified as qualifying for an exemption under this proposal. The property lies in both Carroll and White counties. The 1998 net property tax liability on the Carroll County property is estimated at \$24,700 and the White County property tax liability is estimated at \$25,800. These amounts, as adjusted for current AV and tax rates, would be shifted to all taxpayers in the respective counties.

Total local revenues, except for cumulative funds, would remain unchanged. The revenue for cumulative funds would be reduced by the product of the fund rate multiplied by the exemption amount applicable to that fund.

State Agencies Affected:

Local Agencies Affected: Local units and school corporations in Carroll and White Counties.

Information Sources: Statement of Real Estate Taxes, Shafer & Freeman Lakes Environmental Conservation Corporation, 4/97; Local Government Database.